

ASSEMBLY BILL

No. 62

Introduced by Assembly Member Monning

December 7, 2010

An act to add Article 5.227 (commencing with Section 14168) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Medi-Cal, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 62, as introduced, Monning. Medi-Cal: hospitals: quality assurance fee.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income persons receive health care benefits. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions.

Existing law, subject to federal approval, requires the department to make supplemental payments for certain services, as specified, to private hospitals, nondesignated public hospitals, and designated public hospitals, as defined, for subject federal fiscal years.

Existing law, subject to federal approval, also imposes a quality assurance fee, as specified, on certain general acute care hospitals through and including December 31, 2010. Existing law creates the Hospital Quality Assurance Revenue Fund in the State Treasury and requires that the money collected from the quality assurance fee be deposited into the fund. Existing law provides that the moneys in the fund shall, upon appropriation by the Legislature, be available only for

certain purposes, including providing the above-described supplemental payments to hospitals and health care coverage for children.

Existing law, effective January 1, 2011, and subject to subsequent statutory authorization that meets certain conditions, imposes a quality assurance fee in a manner necessary to obtain federal Medicaid matching funds that shall be due and payable to the department by each general acute care hospital at specified rates for the purpose of making Medi-Cal payments to hospitals.

This bill would, effective July 1, 2011, impose on each general acute care hospital that is not an exempt facility, as defined, a quality assurance fee. This bill would require the quality assurance fee to be computed starting on the effective date of the bill and continue through and including October 31, 2015. The bill would require the proceeds from the fee to be used for the same purposes as the above-described quality assurance fee that is imposed on hospitals through and including December 31, 2010. The bill would provide that the method of calculation and collection of the quality assurance fee is to be determined in an unspecified manner.

This bill would require the director to seek federal approvals or waivers as may be necessary to implement the above-described provisions and to obtain federal financial participation to the maximum extent possible with the proceeds from the quality assurance fee paid pursuant to those provisions.

This bill would require the fee payments and any related federal reimbursement to be deposited in the Hospital Quality Assurance Revenue Fund. The bill would continuously appropriate these moneys in an unspecified manner.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Article 5.227 (commencing with Section 14168)
- 2 is added to Chapter 7 of Part 3 of Division 9 of the Welfare and
- 3 Institutions Code, to read:

Article 5.227. Quality Assurance Fee Act

14168. (a) (1) “Exempt facility” means any of the following:
(A) A public hospital, which shall include either of the following:

(i) A hospital, as defined in paragraph (25) of subdivision (a) of Section 14105.98.

(ii) A tax-exempt nonprofit hospital that is licensed under subdivision (a) of Section 1250 of the Health and Safety Code and operating a hospital owned by a local health care district, and is affiliated with the health care district hospital owner by means of the district’s status as the nonprofit corporation’s sole corporate member.

(B) With the exception of a hospital that is in the Charitable Research Hospital peer group, as set forth in the 1991 Hospital Peer Grouping Report published by the department, a hospital that is a hospital designated as a specialty hospital in the hospital’s Office of Statewide Health Planning and Development Hospital Annual Disclosure Report for the hospital’s fiscal year ending in the 2007 calendar year.

(C) A hospital that satisfies the Medicare criteria to be a long-term care hospital.

(D) A small and rural hospital as specified in Section 124840 of the Health and Safety Code designated as that in the hospital’s Office of Statewide Health Planning and Development Hospital Annual Disclosure Report for the hospital’s fiscal year ending in the 2007 calendar year.

(2) “General acute care hospital” means any hospital licensed pursuant to subdivision (a) of Section 1250 of the Health and Safety Code.

(b) Effective July 1, 2011, there shall be imposed on each general acute care hospital that is not an exempt facility a quality assurance fee.

(c) (1) The quality assurance fee shall be computed starting on the effective date of this article and continue through and including October 31, 2015.

(2) The method of calculation and collection of the quality assurance fee shall be determined pursuant to ____.

1 (3) The quality assurance fee shall be used solely for the
2 purposes specified in Article 5.21 (commencing with Section
3 14167.1) and Article 5.22 (commencing with Section 14167.31).

4 (d) The director shall do all of the following:

5 (1) Seek federal approvals or waivers as may be necessary to
6 implement this article.

7 (2) Obtain federal financial participation to the maximum extent
8 possible with the proceeds from the quality assurance fee paid
9 pursuant to this article.

10 (e) (1) The fee payments and any related federal reimbursement
11 shall be deposited in the Hospital Quality Assurance Revenue
12 Fund.

13 (2) Notwithstanding Section 13340 of the Government Code,
14 any moneys deposited in the Hospital Quality Assurance Revenue
15 Fund pursuant to paragraph (1) shall be continuously appropriated,
16 without regard to fiscal year, as follows:_____.

17 SEC. 2. This act is an urgency statute necessary for the
18 immediate preservation of the public peace, health, or safety within
19 the meaning of Article IV of the Constitution and shall go into
20 immediate effect. The facts constituting the necessity are:

21 In order to make the necessary statutory changes to increase
22 Medi-Cal payments to health care providers and improve access,
23 at the earliest possible time, it is necessary that this act take effect
24 immediately.